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C O N F I D E N T I A L SECTION 01 OF 02 SARAJEVO 002371

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EUR FOR DICARLO; EUR/SCE (FOOKS, STINCHCOMB); NSC FOR BRAUN; OSD FOR BEIN

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SUBJECT: PIC EXPRESSES PROFOUND CONCERN; RUSSIA BREAKS

RANKS

REF: SARAJEVO 2236

Classified By: AMBASSADOR CHARLES ENGLISH FOR REASONS 1.4 (B) AND (D)

SUMMARY

11. (C) During the October 30-31 meeting of the Peace Implementation Council, representatives expressed deep concerns over the increased political tensions precipitated by Republika Srpska Prime Minister Milorad Dodik's moves to challenge the authority of the High Representative. With the notable exception of Russia, PIC members voiced strong support for High Representative Lajcak and his October 19 measures and underscored the need to exert international community influence in order to revive Bosnia's Euro-Atlantic integration process. Russia maintained that, while legal, the Lajcak measures were inappropriate. Statements by the six political leaders of the governing coalitions ranged from strong support for Lajcak by SDA,s Sulejman Tihic to defiance by SNSD,s Dodik. The PIC representatives managed to block Russia, s attempt to insert communique language opposing the measures and challenging the High Representative's future use of the Bonn Powers. ultimately agreed to include its opposition to the measures in a footnote and to delete references to the future use of the Bonn Powers altogether. We expect that Dodik and other Serb politicians will exploit this division within the PIC to advance their agendas. End Summary.

SPIRIC RESIGNATION

12. (C) Nikola Spiric, Chairman of the Council of Ministers (COM) used his October 31 presentation to the PIC to announce his intention to resign. Spiric, a member of RS PM Dodik's SNSD party, described High Representative Lajcak, s October 19 measures (reftel) as anti-Dayton, unconstitutional, and dangerous. Saying that he felt "hurt" by the measures, Spiric blasted Lajcak for not consulting with him and for announcing the measures while Spiric was visiting Washington. The decision to resign, Spiric said, would be his alone to make, and concluded his statement with the declaration that he would not participate in the "implementation of a decision that leads this country to failure."

PARTY LEADERS

- ¶3. (C) During the PIC's opening October 30 session with political party presidents, all Bosnian politicians expressed support for Dayton and Bosnia's Euro-Atlantic integration process. SDA President Sulejman Tihic expressed strong support for the October 19 measures, while HDZ-BiH President Dragan Covic, highlighted the October 28 Mostar declaration on police reform. Haris Silajdzic, the Bosniak member of the Presidency and SBiH President, called for full, rather than "a la carte" implementation of the Dayton Agreement. Silajdzic also cited the increased tensions in the country as a result actions by Serbia and the need for full implementation of the International Court of Justice's February verdict. HDZ-1990 President Bozo Ljubic, also expressed support for the High Representative and raised Croat fear of being dominated by Serbs and Bosniaks.
- 14. (C) SNSD President Milorad Dodik, and PDP President Mladen Ivanic, were more combative. Dodik declared that the time for impositions is over and that OHR decisions should now be negotiated. He criticized the fact that while he had been democratically elected, the High Representative could still remove him. Dodik asserted that the RS does not seek to secede from Bosnia, but problems have arisen due to challenges to its existence. Ivanic echoed Dodik,s opposition to the Lajcak measures, saying that Bosnians should be allowed to solve their own problems. He stated that that Bosnians have demonstrated that they can govern the country, pointing to the progress made when he was a member of the Council of Ministers, such as the creation of SIPA, the Ministry of Defense, and the establishment of the Indirect Taxation Authority (ITA).

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PIC BACKS LAJCAK

15. (C) With the exception of Russia, PIC representatives expressed strong support for High Representative Lajcak and his October 19 measures and agreed that the measures are consistent with the Dayton Agreement. PIC representatives regretted that Bosnia has made little headway on reforms, and that the present crisis is not just about a step backwards from European integration, but is also a challenge to Dayton. Representatives welcomed the October 28 Mostar declaration

Representatives welcomed the October 28 Mostar declaration on police reform as demonstrating that dialogue on police reform and other difficult issues remains an option. EUR DAS DiCarlo reminded representatives of the regional dimension of Bosnia,s political crisis and urged PIC members to prepare for any additional measures that High Representative Lajcak might take.

RUSSIA: THE ODD MAN OUT

16. (C) The Russian delegation insisted that, although the October 19 measures are legal, they are "politically inappropriate." He argued that High Representative Lajcak should focus on maintaining dialogue with Dodik and other Serb politicians, and that use of the Bonn Powers would lead to a greater political crisis and destabilize the country. During communique negotiations, Russia introduced extensive language criticizing the measures and urging that they not be imposed. The addition also exhorted the High Representative to achieve the intended reforms in consultation with Bosnian political leaders and its entities on the basis of consensus. The Russian delegation initially insisted that the text be included in its entirety or that there could be no communique. Following unanimous opposition by the other PIC members, Russia conceded that the entire text could be included as a footnote, in accordance with the precedent set during the PIC in February. After the OHR legal advisor voiced strong opposition to the language related to the use of Bonn Powers on the grounds that it violated OHR,s mandate, and the High Representative personally noted he

would be unable to continue in office if his mandate were so restricted, Russia agreed to strike the language.

COMMENT

18. (C) Despite the Russian abstention, PIC representatives agreed on a strong communique that underscored the level of concern among capitals. Despite this show of unity, RS PM Dodik has not backed down and the way forward for OHR and the international community will be difficult. We should be prepared for a difficult battle on the question of OHR's extension at the February PIC. Russia is threatening to play the role of spoiler and Russia's willingness to publicly break ranks with other PIC members is emblematic of the disruptive role it has played in Bosnia over recent months. Over subsequent days Russian Ambassador Konstantin Shuvalov has continued to highlight the divisions within the PIC by emphasizing in the press that the communique was inconsistent with the PIC mandate. We believe that Bosnian Serb political leaders, particularly Dodik, will interpret these developments as an erosion of the High Representative's mandate and be correspondingly emboldened. End Summary.

ENGLISH